

NC Department of State Treasurer, Unclaimed Property Division (UPD)

Request for 2 FTEs

Strategic Plan Goal: Enhance Accountability of Department Services

Description of Request

The Unclaimed Property Division (UPD) is requesting the creation of two permanent full-time positions. The positions would be classified as Administrative Support Specialist –Journey and will provide critical support to the Receipts and Reporting Unit to receive and record unclaimed property and to conduct sale of tangible property and securities.

Problem/Issue Being Addressed

The Unclaimed Property Division's Receipts and Reporting Unit oversees the annual receipt and accounting for unclaimed property reported by all businesses and organizations doing business in the state of North Carolina. The UPD has continued to experience an increase in the amount of unclaimed property reported by businesses over the last 10 years. In the five fiscal years prior to FY 2006-07, an average of \$85 million was received annually in unclaimed property. Since that time, the amount of unclaimed property reported has continued to grow. Over the last 5 years, FY 2010-11 to FY 2014-15, an average of \$147 million has been received annually. At the same time, the UPD has experienced a significant increase in the number of shares of securities reported each year. In the 5 years prior to 2006, an average of 960,000 shares was reported annually. In the most recent five years, an average of 25 million shares has been reported annually.

Both state audits and DST internal audit reviews have identified risks related to the receipt, safeguarding and reconciliation of tangible property. Leadership within UPD has identified similar risk and compliance issues in the areas of tangible property as well as securities. Having only 1 FTE for tangible property processing has prevented timely inventory and sale of tangible property. Similarly, current staffing for securities, 1 FTE has been determined to be insufficient to provide timely reconciliation, re-registration and sale of the high volume of securities and corporate actions taking place with securities in the Department's possession.

Two additional positions are needed in order to perform the key functions of receiving and recording unclaimed property and assisting with ensuring the timely sale of securities and tangible property. Two positions would also remove the current risk associated with having only one person in each role. UPD is currently unable to adequately segregate duties associated with key processes from the time property is received to the time it is sold and proceeds are posted to an owners account.

Measurement and Accountability

It is the policy of the UPD to hold securities up to 3 years per North Carolina General Statute 116B-65(b), at which time they are sold and the proceeds are applied to owners' accounts for future refunds. The statute further requires that the Department of State Treasurer sell tangible property within three years after receipt. In accordance with NCGS 116B-67(b) and (c), the Treasurer shall allow or deny a claim within 90 days after a claim is filed and within an additional 30 days, pay or deliver the property to the claimant.

The addition of this permanent full-time position will provide sufficient staff support for the UPD to ensure compliance with requirements for timely performance of receipt, inventory, reconciliation and sale of tangible property and securities. Additionally, classification of the positions as Administrative Support Specialist will allow the UPD to secure the expertise necessary to perform these key functions within the Receipts and Reporting Unit. The total cost for each position will be \$50,084 (\$36,388 salary + benefits).